

Message Text

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ORIGIN OPIC-06

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R 081920Z MAR 77
FM SECSTATE WASHDC
TO AMEMBASSY JAKARTA

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E.O. 11652: N/A

TAGS: EINV

SUBJECT: FOREIGN INVESTMENT

REF : JAKARTA A-8 (1/10/77); JAKARTA A-6 (1/6/77)

1. OPIC VERY MUCH APPRECIATES YOUR REPORT AND ANALYSIS ON FOREIGN INVESTMENT IN INDONESIA. REPORTED DROP IN U.S. INVESTOR INTEREST REFLECTED HERE AS WELL. OPIC VIEWS AS PARTICULARLY SERIOUS FACT THAT, FOR THIRD STRAIGHT QUARTER, NO U.S. COMPANIES APPLIED FOR INVESTMENT APPROVAL. BELIEVE THAT FACTORS ANALYZED REF A-6 EXPLAIN, IN PART, DECLINE IN U.S. INVESTOR INTEREST. HOWEVER, THERE APPEARS TO BE CONTINUING, ALTHOUGH REDUCED, INTEREST BY OTHER, NON-U.S. FOREIGN INVESTORS. AT RECENT MEETING OF BERNE UNION (GROUP OF NATIONAL INVESTMENT INSURANCE AND GUARANTY AGENCIES) THE NETHERLANDS, JAPAN, UK, AND CERTAIN FAR EAST
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COUNTRIES REPORTED CONTINUING INVESTOR ACTIVITY. UK, ECGD, FOR EXAMPLE, REPORTED 14 PENDING APPLICATIONS FOR NEW INVESTMENT OF APP. 14 MILLION DOLLARS.

2. IF DECLINE U.S. INVESTOR INTEREST MORE PRECIPITOUS THAN OTHER FOREIGN INVESTORS, BELIEVE EXPLANATION MIGHT GO BEYOND

PURELY INTERNAL FACTORS AND INCLUDE, AS WELL, CONSIDERATION
(1) POSSIBLE DIFFERENCE IN RISK PERCEPTION OF INDONESIA
AMONG FOREIGN INVESTORS, (2) GREATER WILLINGNESS BY
NON-U.S. FOREIGN INVESTORS TO ACCEPT AND ACCOMMODATE TO
INVESTMENT CONSTRAINTS, INCLUDING INDONESIAN PARTICIPATION,
AND (3) EFFECTS OF DOMESTIC U.S. CHARGES AGAINST MNC
OPERATIONS AND PRACTICES. OPIC DIALOGUE WITH U.S.
MINING COMPANIES HAS REVEALED PERVASIVE RESISTANCE TO NEW
MINERAL INVESTMENTS IN ALL LDCS, INCLUDING INDONESIA.

3. WOULD APPRECIATE EMBASSY VIEWS ON THESE POINTS AS WELL
AS REPORT OF GOI DECISIONS, WHEN TAKEN, TO ATTRACT NEW
FOREIGN INVESTMENT. DECONTROL 3/7/78.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
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Concepts: INVESTMENT CLIMATE, FOREIGN INVESTMENTS
Control Number: n/a
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Sent Date: 08-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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